



## Bill Draft 2013-RKz-1: Amend State Contract Review Law.

2011-2012 General Assembly

**Committee:** Joint Legislative Program Evaluation  
Oversight Committee

**Date:** August 13, 2012

**Introduced by:**  
**Analysis of:** 2013-RKz-1

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Committee Counsel

**SUMMARY:** *This act amends the law that requires the Attorney General or the General Counsel for each of the University of North Carolina constituent institutions, or their designees, to review contracts for the purchase of goods or services which exceed one-million dollars (\$1,000,000). The act requires the adoption of procedures for conducting the review; provides for the Attorney General or a staff member to verify compliance with the law; and requires the Attorney General to maintain a consolidated log that identifies contracts that were reviewed. The amendments become effective July 1, 2013, and apply to contracts entered into on or after that date.*

**CURRENT LAW:** Unless the contract is entered into by a constituent institution of the University of North Carolina (UNC), the Attorney General, or designee, is required to review it to ensure all of the following:

- It is in proper legal form.
- It contains all clauses required by law.
- It is legally enforceable.
- It accomplishes the intended purposes of the contract.

The review does not constitute approval or disapproval of the policy merit, or lack thereof. The statute provides that the reviewer comply with "any rules" that are established; however, there is no mandate to establish any specific procedural rules or standards.

If the contract involves a constituent institution of UNC, the General Counsel has the same review responsibilities as the Attorney General. The UNC review must comply with "any rules" established by the Attorney General.

### **BILL ANALYSIS:**

#### **Section 1:** The amendments:

- Require the Attorney General, in consultation with the Department of Administration, to establish review procedures.
- Require verification by the Attorney General, or staff member, to be included in a contract in order for the contract to be enforceable.
- Require the General Counsel for UNC constituent institutions to establish procedures for the required review, and to comply with procedures established by the Attorney General.
- Require the Attorney General to adopt policies or guidelines for the identification and recordkeeping of contracts subject to review under the statute. The records must include a log that: identifies the contracts reviewed, the contracting agency, the attorney designated to review the contract, and the date that the verification was signed.

# Draft

Page 2

**Section 2:** Requires the Department of Administration to make individualized notifications to the listed agencies, so that each will be aware of how the statutory amendments apply to them.

- The notification shall include a means by which each agency may acknowledge receipt and understanding of the notice. If acknowledgment is not received within 30 days, a second notice must be sent.
- If there is no acknowledgment within 30 days of sending the second notice, then the Department is required to notify the Joint Legislative Program Evaluation Oversight Committee, the House Appropriations Subcommittee on General Government, and the Senate Appropriations Committee on General Government and Information Technology.

**Section 3:** The Attorney General's Office, the Department of Administration, and the Office of the General Counsel for the University of North Carolina are required to implement the provisions of the act no later than June 30, 2013.

**EFFECTIVE DATE:** The amendments providing the procedures in Section 1 of the act become effective July 1, 2013, and apply to contracts entered into on or after that date.